

Message Text

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FM SECSTATE WASHDC
TO AMEMBASSY TOKYO

UNCLAS STATE 167860

E.O. 11652: N/A

TAGS: ETRD, JA

SUBJECT: TRADE FACILITATION COMMITTEE: ROYAL PARKER
RANCH (RESTRICTIONS ON FOREIGN-BRED HORSES)

REF: (A) TOKYO 8831 (B) STATE 114259

1. SUMMARY: WE UNDERSTAND EMBASSY CONCERN ABOUT SUBJECT CASE'S PROSPECTS FOR SUCCESS PER PARAS 3 AND 4 REF A, BUT BELIEVE RESTRICTIVE NATURE OF JRA REGULATIONS WARRANTS TFC CONSIDERATION. EMBASSY, THEREFORE, REQUESTED SUBMIT CASE TO TFC, WHILE MAKING DIRECT APPROACH TO MINISTRY OF AGRICULTURE AND FORESTRY, AS POST HAS SUGGESTED. END SUMMARY.

2. DETAILED INFO REF A APPRECIATED. WE APPRECIATE EM-
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BASSY VIEW THAT POLITICAL CLOUT OF JAPANESE HORSEBREEDERS LOBBY AND EXCESSIVE SUPPLY OF DOMESTIC RACEHORSES PRESENT PROBLEMS IN ATTEMPTING TO RESOLVE THIS CASE. WE BELIEVE, HOWEVER, THAT CRITERIA FOR DETERMINING WHETHER SPECIFIC COMPLAINTS SHOULD BE SUBMITTED TO TFC MUST BE BASED ON MERITS OF THE CASE AND NOT RPT NOT ON PROBABILITY OF SUCCESS.

3. WE THEREFORE REQUEST EMBASSY PRESENT CASE TO TFC
OFFICIALS AND MAF ALONG FOLLOWING LINES:

A. SUMMARY OF CASE: RESTRICTIVE MEASURES PRACTICED BY THE
SEMI-OFFICIAL MINISTRY OF AGRICULTURE AND FORESTRY (MAF)
AGENCY, THE JAPAN RACING ASSOCIATION (JRA), DISCRIMINATE
AGAINST THE IMPORTATION OF AND PARTICIPATION BY AMERICAN
HORSES IN JAPANESE HORSERACES.

B. FACTS OF THE CASE: ROYAL PARKER RANCH, THROUGH ITS
JAPANESE JOINT VENTURE PARTNER, NIPPON ROYAL COMPANY, LTD.,
HAS ATTEMPTED UNSUCCESSFULLY OVER THE PAST FOUR YEARS TO
EXPORT AMERICAN-BRED HORSES TO COMPETE IN JAPANESE RACES.
THE U.S. EMBASSY MADE REPRESENTATION TO THE GOVERNMENT OF
JAPAN TO EASE THE RESTRICTIONS OF THE JRA ON BEHALF OF
ROYAL PARKER RANCH IN MAY 1976 WITH NO SUCCESS.

THE JRA RESTRICTS IMPORTS OF FOREIGN HORSES BY:

(1) PERMITTING ONLY RESIDENTS OF JAPAN TO REGISTER RACE-
HORSES (BOTH DOMESTIC AND "FOREIGN-BRED") AND REQUIRING
SUCH REGISTRATION AS A PREREQUISITE FOR ENTRY OF HORSES IN-
TO JAPANESE RACES; (2) NARROWLY DEFINING "FOREIGN-BRED"
HORSES AS THOSE "HORSES WHICH HAVE NEVER RUN IN A RACE IN A
FOREIGN COUNTRY" OR "FOALS BORN IN JAPAN FROM IN-FOAL
BROODMARES IMPORTED FROM ABROAD." (THIS NARROW DEFINITION
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EFFECTIVELY ELIMINATES ANY FOREIGN-BRED HORSES WITH RACING
EXPERIENCE FROM RUNNING IN JAPAN); AND (3) RESTRICTING
FOREIGN-BRED HORSES TO PARTICIPATING IN 10 PERCENT OF MAJOR
JAPANESE RACES.

THE NET EFFECT OF THESE JRA RESTRICTIONS HAS BEEN TO BAR
ALMOST ALL IMPORTS OF FOREIGN-BRED HORSES INTO JAPAN FOR
RACING. ACCORDING TO GOJ IMPORT STATISTICS, "JAPAN EXPORTS
AND IMPORTS - COMMODITY BY COUNTRY, 1977", A TOTAL OF
FIVE HORSES (CCCN 01.01-029) WERE IMPORTED INTO JAPAN IN
1977--FOUR FROM THE UNITED STATES (VALUE DOLLARS 260,16
8; 245 YEN 1 DOLLAR) AND ONE FROM FRANCE.

C. DISCUSSION:

JRA PRACTICES DISCRIMINATE AGAINST FOREIGN-BRED HORSES IN
JAPAN BY: (1) PERMITTING ONLY RESIDENTS TO REGISTER THEIR
STOCK WITH THE JRA, THEREBY PRECLUDING NON-RESIDENTS FROM
ENTERING THEIR HORSES IN JRA RACES, (2) RESTRICTIVELY
DEFINING THE TERM "FOREIGN-BRED" WITH THE RESULT THAT
HORSES WITH RACING EXPERIENCE ARE PREVENTED FROM ENTERING
JAPANESE RACES, AND (3) LIMITING THE NUMBER OF RACES FOR-

EIGN-BRED HORSES CAN ENTER.

IN CONTRAST, CORRESPONDING U.S. REGULATIONS GOVERNING FOREIGN EQUINE PARTICIPATION IN AMERICAN RACES ARE LIBERAL AND DO NOT CONSTITUTE TRADE BARRIERS.

(1) RESIDENCY REQUIREMENT. THE JAPANESE RESIDENCY REQUIREMENT CONSTITUTES AN EXCESSIVE BURDEN ON THE SALE OR USE IN JAPAN OF U.S.-BRED RACE HORSES. BY CONTRAST, U.S. RULES DO NOT REQUIRE FOREIGN HORSEONERS TO BE AMERICAN RESIDENTS IN ORDER TO REGISTER THEIR HORSES FOR AMERICAN RACES. FOREIGNERS NEED ONLY REGISTER THEIR HORSES IN THE AMERICAN STUD BOOK OF THE JOCKEY CLUB IN NEW YORK, AFTER DEMONSTRATING THAT THEIR HORSES MEET THE CLUB'S PEDIGREE

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STANDARDS AND QUALIFY AS THOROUGHBREDS.

(2) DEFINITION OF "FOREIGN-BRED". THE STRINGENT JAPANESE DEFINITION OF WHAT CONSTITUTES A "FOREIGN-BRED" HORSE MAKES IT IMPOSSIBLE FOR AMERICAN HORSES WITH RACING EXPERIENCE TO PARTICIPATE IN JAPANESE RACES, THEREBY RESTRICTING U.S. EXPORTS OF RACE HORSES. IN CONTRAST, THERE IS NO U.S. EQUIVALENT INTERPRETATION OF "FOREIGN-BRED" AND JAPANESE HORSES ARE NOT RESTRICTED FROM PARTICIPATING IN AMERICAN RACES.

(3) TEN PERCENT LIMITATION ON RACES. FOREIGN RACEHORSES ARE RESTRICTED TO PARTICIPATING IN ONLY TEN PERCENT OF THE RACES ON THE JAPANESE RACING CALENDAR. IN THE UNITED STATES, HOWEVER, FOREIGN-BRED HORSES ARE PERMITTED TO RUN IN ANY RACE WITH THE EXCEPTION OF A FEW STATE RACES IN WHICH ONLY HORSES BRED IN THE STATE CAN RUN OR "INVITATIONALS" WHICH REQUIRE THAT ONLY SPECIFIC HORSES BE INVITED TO PARTICIPATE.

D. RELIEF SOUGHT:

(1) THE JRA SHOULD LIBERALIZE THE NARROW DEFINITION OF "FOREIGN-BRED" TO ALLOW AMERICAN HORSES TO PARTICIPATE IN JAPANESE RACES WITHOUT ANY QUALIFICATION ON EXPERIENCE OR BREEDING.

(2) THE JRA SHOULD SIGNIFICANTLY INCREASE THE PERCENTAGE OF RACES ON THE JAPANESE CALENDAR IN WHICH FOREIGN-BRED HORSES ARE ALLOWED TO RACE TO AT LEAST 30 PERCENT. WE BELIEVE THIS IS A REASONABLE REQUEST, SINCE JAPANESE HORSES CAN PARTICIPATE IN VIRTUALLY ALL AMERICAN RACES WITHOUT RESTRICTION.

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(3) THE JRA SHOULD ELIMINATE THE RESIDENCY REQUIREMENT FOR FOREIGN HORSEOWNERS AND THEREBY PERMIT NON-RESIDENTS TO

REGISTER THEIR STOCK FOR JAPANESE RACES.

4. ACTION REQUESTED: EMBASSY REQUESTED TO SUBMIT ROYAL PARKER RANCH CASE AS SOON AS POSSIBLE TO JAPANESE TFC OFFICIALS AS WELL AS DIRECTLY TO MAF. VANCE

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